

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

Media Excerpts: A snapshot of state and national energy issues*

Kentucky fights for FutureGen. Kentucky is in the running for landing the cleanest power plant the world has ever seen. It could literally be the power plant of the future. A one-billion-dollar project could be coming to Kentucky. Pursuit of this project was included as one of the fifty-four recommendations in the state's first comprehensive energy plan, released more than a year ago by this Administration. Kentucky is a logical choice for the facility. The FutureGen project will use a coal gasification system to generate electricity and to produce hydrogen, while, capturing the carbon dioxide underground, where it can be stored safely or may be later used or sold as a commodity. Kentucky is rich in coal culture and heritage. Generations of Kentucky families have been working in the mines, involved in coal research and benefiting from energy created from coal fired power plants. Now the prototype of a clean coal power plant is looking for a home. ("Kentucky fights for FutureGen," *Courier-Journal*, 7-9-06)

New ethanol plant comes to Fulton, Kentucky. Fulton, Kentucky will soon be home to the states second ethanol plant. Bluegrass Bio Energy broke ground on a 50 million gallon ethanol plant. The plant will be located just off 307 in Fulton's Industrial Park. Besides construction jobs, the plant will bring 50 full time jobs to town. And some say the benefits go way beyond the city limits. "It's all of Kentucky and the nation and we have to have energy independence and this is a step forward," says Kentucky State Representative Mike Weaver. Another bright spot, more ethanol production from corn, translates to more green for local farmers. ("KY: New ethanol plant comes to Fulton, Kentucky," *News Channel 6*, 7-8-06)

Ethanol is sort of a drop in the bucket, scientists warn. Ethanol is far from a cure-all for U.S. energy problems. It's not as environmentally friendly as some supporters claim and would supply only 12 percent of U.S. motor fuel -- even if every acre of corn were used. A number of researchers, the latest in a report yesterday, are warning about exaggerated expectations that ethanol could dramatically change U.S. dependence on foreign oil. Biodiesel from soybeans is the better choice, University of Minnesota researchers concluded in an analysis yesterday. But "neither can replace much petroleum without impacting food supplies," the researchers concluded in the paper published in the Proceedings of the National Academy of Sciences. ("Ethanol is sort of a drop in the bucket, scientists warn," *Courier-Journal*, 7-11-06)

Governor Fletcher signs mine safety emergency regulations. Governor Ernie Fletcher has signed two emergency regulations for the assessment of monetary penalties against companies that violate mine safety regulations. The regulations, which take effect July 12, correspond with the passage of Senate Bill 200 and House Bill 572 passed by the 2006 General Assembly. SB 200, sponsored by Senator Robert Stivers (R-Manchester) and Senator Ray Jones (D-Pikeville) contains increased mine safety standards and HB 572, sponsored by Representative Robin Webb (D-Grayson) requires drug testing of miners. "The regulations are another critical step for improving mine safety in the state," said Governor Fletcher. "No miner should be placed in danger of injury or death and for the first time we can assess penalties that should serve as a deterrent to those who would violate mine roof control or ventilation plans." ("Governor Fletcher signs mine safety emergency regulations," *Governor's Office Press Release*, 7-10-06)

\$47 million power line proposed. East Kentucky Power Cooperative wants to build a high-voltage transmission line from Clark County through Madison and Garrard counties to Lancaster. A public meeting is scheduled for Tuesday in Richmond to provide information about the proposal and to solicit public comment. The route could change, depending on what residents say about it at that meeting. If approved by the Kentucky Public Service Commission, the line generally would follow the route of an existing line in the three counties. ("\$47 million power line proposed," *Herald-Leader*, 7-08-06)

Free National Lighting Bureau brochure explains new tax benefits available for high-efficiency lighting. Significant new tax benefits are available to those who upgrade their existing lighting systems or specify high-efficiency lighting for new commercial buildings. The tax benefits are authorized by the Energy Policy Act of 2005. A new brochure available free from the National Lighting Bureau (NLB) provides an overview of the benefits and identifies sources of additional information. According to the NLB, owners can earn an accelerated depreciation benefit equal to the cost of the lighting system or lighting system improvement, or \$0.60/square foot, whichever is less. ("Free NLB brochure explains new tax benefits available for high-efficiency lighting," *National Lighting Bureau Press Release*, 2-9-06)

The Andersons and Marathon to build ethanol plants. Marathon Oil Corporation and The Andersons, Inc. jointly announced July 10 that the companies have signed a letter of intent that could lead to the formation of a 50/50 joint venture that would construct and operate a number of ethanol plants. The formation of the joint venture and other related activities are subject to approval by each company's board of directors and the execution of definitive agreements. "Marathon is one of the nation's leading blenders of ethanol in gasoline and has been doing so for more than 15 years," says Gary R. Heminger, executive vice-president of Marathon Oil Corporation and president of the company's refining, marketing and transportation operations. The Andersons will provide day-to-day management of the ethanol plants, as well as corn origination, risk management, and dry distiller's grain and ethanol marketing services. ("The Andersons and Marathon to build ethanol plants," *World Grain.Com News*, 7-10-06)

These are media summaries. Please consult the source directly to ensure the accuracy of the information presented. Underlined titles are links to online articles in their entirety.

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	07/12/06	07/05/06	06/28/06	06/21/06	Year Ago
Gasoline (State avg.)	2.902	2.856	2.795	2.723	2.281
Ashland	2.932	2.887	2.820	2.784	2.345
Covington	2.975	2.895	2.833	2.834	2.358
Lexington	2.869	2.849	2.828	2.637	2.295
Louisville	3.009	2.963	2.916	2.773	2.329
Owensboro	2.813	2.750	2.696	2.643	2.189
Diesel (State avg.)	2.880	2.852	2.807	2.824	2.342
Ashland	2.859	2.852	2.797	2.821	2.340
Covington	2.883	2.851	2.812	2.851	2.342
Lexington	2.911	2.902	2.819	2.838	2.351
Louisville	2.889	2.880	2.807	2.810	2.334
Owensboro	2.849	2.801	2.820	2.841	2.325

Note: The record high average price for gasoline in Kentucky is \$3.049 and occurred on Sept. 3, 2005.

Source: Gasoline (unleaded regular) & Diesel: National AAA, <http://www.fuelgaugereport.com/KYavg.asp>

Wholesale Fuel Prices

Spot Prices	07/12/06	07/05/06	06/28/06	06/21/06	Year Ago
Crude Oil (Dollars per barrel)	74.95	75.19	72.19	70.70	60.63
West Texas Intermediate, fob					
Natural Gas (Dollars per MMBtu)	5.660	5.570	6.040	6.500	7.410
Henry-Hub					

Source: Oilenergy.com

Futures		Aug-06	Sept-06	Oct-06
Crude Oil (Dollars per barrel)	07/12/06	74.95	76.06	76.69
Light Sweet Crude Oil	07/05/06	75.19	76.16	-
	06/28/06	72.19	73.14	-
Natural Gas (Dollars per MMBtu)	07/12/06	5.782	5.992	6.382
Henry-Hub	07/05/06	5.765	6.038	-
	06/28/06	6.160	6.425	-
Propane (Cents per gallon)	07/12/06	115.75	117.00	117.00
	07/05/06	117.50	118.00	-
	06/28/06	113.50	113.75	-
Coal (Dollars per ton)	07/07/06	46.65	-	-
Central Appalachian	06/30/06	47.75	-	-
	06/23/06	48.25	-	-

Source: [NYMEX closing price](#) and [EIA Coal Futures](#)

For more information, contact John Davies, Kentucky Office of Energy Policy:

Phone: (502)564-7192 or (800)282-0868 Fax: (502) 564-7484 E-mail: John.Davies@ky.gov Internet: www.energy.ky.gov

The Commerce Cabinet does not discriminate on the basis of race, color, national origin, sex, age, religion or disability and provides, on request, reasonable accommodations including auxiliary aids and services necessary to afford an individual with a disability an equal opportunity to participate in all services, programs and activities. To request materials in an alternative format, call the Office of Energy Policy at (800) 282-0868. Persons with hearing and speech impairments can contact the agency by using the Kentucky Relay Service, a toll-free telecommunication device for the deaf (TDD). For voice to TDD, call (800) 648-6057. For TDD to voice, call (800) 648-6056.